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SUBJECT: GCC MEMBERSHIP REMAINS BEYOND YEMEN'S GRASP

Classified By: Charge d'Affaires Angie Bryan for reasons 1.4(b) and (d)

11. (C) SUMMARY. Yemen's full participation in the Gulf Cooperation Council (GCC) is thwarted by its bleak economic outlook, including a large, but unemployed, work force. GCC members have pledged to help strengthen Yemen's development, but a substantial amount of money has not been delivered. END SUMMARY.

"JOINING IS NOT AN OPTION"

12. (C) Despite the GCC passing a 2005 resolution to start the process of Yemen's integration into the GCC by 2015, it is unlikely that Yemen will soon become a member of the bloc. Kuwait's Ambassador to Yemen, Salem Ghasab al-Zamanan, told Poloff that the GCC was not designed to be "an open participation bureaucratic tool" like the Arab League. Yemen, according to al-Zamanan, is too different economically from the six GCC countries, and, he said, "Yemen joining is not an option." (Note: Kuwait, still bitter over President Saleh's support for Saddam Hussein during the first Gulf War, may have more than just economic objections to Yemen joining the GCC. End note.)

13. (U) Even moderate advocates for Yemen's accession into the organization concede that full participation for Yemen is not an option. In a briefing to the Yemeni donor community, Chair of the Arab Fund for Social and Economic Development Abdlatif al-Hamad said, "The GCC would welcome Yemen, involve them in some activities and help Yemen to develop." There would be restrictions, he explained, since the entire population of all of the countries in the GCC is only 22-30 million, basically equivalent to the population of Yemen. Full GCC membership allows citizens to travel to other GCC countries without a visa. Al-Hamad emphasized that "too large a flow of Yemenis into the GCC countries would drown them."

14. (C) Yemen's large population problem is compounded by its high unemployment rate. Deputy Minister for Planning and International Cooperation Dr. Mohamed al-Hawri told Poloff that Yemen must increase its economic capabilities in order to satisfy GCC enrollment conditions, and one way to do this would be to increase the number of Yemeni workers into GCC countries. However, several GCC members are resistant to allowing additional Yemeni labor in their markets. Hilal Bin Ali al-Shafari, Political Counselor at the Embassy of Oman, told Poloff that Oman and Yemen have a very strong relationship and that Omanis and Yemenis share a common cultural background. However, when asked about increasing Yemeni work opportunities in Oman, he appeared hesitant, and explained that there are no plans, or political will, to increase the number of Yemeni work permits.

CORRUPTION STALLS DEVELOPMENT ASSISTANCE

15. (C) Several GCC countries are reluctant to allocate development assistance because of the endemic corruption in Yemen, a problem that also plagues its attempts to join the Council. The government of Oman has allocated the \$100 million it pledged at the 2006 London Donor's Conference, but

the money remains in the Arab Kuwaiti Bank. Al-Sharafi said that they are waiting for project proposals by the ROYG on how they plan to spend the money. Expressing frustration, he called the ROYG "very slow to respond" and, noted that more than once, the ROYG has asked for the money by providing duplicative proposals for previously completed projects. Similarly, Kuwaiti Ambassador al-Zamanan told Poloff that the Kuwaiti Parliament will not allocate the \$200 million Kuwait pledged because they are unhappy with the overall investment climate in Yemen, including the level of corruption.

COMMENT

16. (C) In light of Yemen's current economic conditions, there is very little incentive for the GCC to accept its membership, despite its Arab brotherhood rhetoric. Diplomatic pressure may be needed to shore up any chances of Yemen's accession, or, at the least, to ensure that pledged assistance from GCC members is allocated where it is desperately needed. END COMMENT.

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